

**VIRGINIA COLLEGE BUILDING AUTHORITY
BOARD OF COMMISSIONERS MEETING**

September 11, 2007 10:30 a.m.
Treasury Board Conference Room
James Monroe Building
101 North 14th Street, 3rd Floor
Richmond, Virginia

Members Present: William L. Nusbaum, Chairman
Heidi W. Abbott, Vice-Chairman
Vinod B. Agarwal
Richard D. Brown
John “Jack” F. Carter
J. Braxton Powell
Joseph S. Testa
David A. Von Moll
Edward Villanueva

Members Absent: Daniel J. LaVista
Elaine R. Wilde

Others Present:	Donald Ferguson, Esq.	Attorney General’s Office
	Charles P. Shimer, Esq.	Troutman Sanders LLP
	Amanda Ray, Esq.	Troutman Sanders LLP
	Sarah Greear	Public Financial Management
	Nelson L. Bush	Public Financial Management
	Russell Carmichael	State Council of Higher Education
	Josh	Auditor of Public Accounts
	Evelyn Whitley	Secretary, VCBA, Department of the Treasury
	Janet A. Aylor	Assistant Secretary, VCBA, Department of the Treasury
	Richard A. Davis	Department of the Treasury
	Jeanine Black	Department of the Treasury
	Treasury Staff and others attended	

Call to Order and Approval of Minutes

Mr. Nusbaum called the meeting to order at 10:32 a.m. After welcoming Mr. Edward Villanueva, the new Board member appointed to succeed Molly Joseph Ward, and visitors, he asked if there were any members of the public present that wished to comment on Board activities. Mr. Von Moll arrived at 10:33 a.m. and Ms. Abbott arrived at 10:35 a.m. There was no public comment.

Mr. Nusbaum then asked if there were any comments on or corrections to the minutes of the May 8, 2007, Virginia College Building Authority Board Meeting. Hearing none, he requested a motion for approval of the minutes. Mr. Powell made the motion; Dr. Agarwal seconded, and all members

present unanimously adopted the motion.

Hampton University – Discussion of project

Mr. Nusbaum informed the board members that at the request of Hampton University this item was deleted from the agenda. The University will be requesting the Board to consider a financing in late October or early November.

Public Hearing

No public hearing was held due to the deletion of the Hampton University discussion from the agenda.

Consideration of Issuance of Virginia College Building Authority Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2007A

Ms. Black reviewed the Preliminary Financing Summary for the proposed issuance in the amount of \$259,425,000 (preliminary) of Virginia College Building Authority Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2007A. She introduced Ms. Sarah Greear and Mr. Nelson Bush, both from Public Financial Management, Inc. The Board received an overview of the upcoming bond issue and current market conditions from Ms. Greear of Public Financial Management, Inc., financial advisor for the issue (Exhibit A). A further discussion ensued.

Mr. Testa arrived at 10:55 a.m.

Mr. Charles Shimer from Troutman Sanders LLP, bond counsel to the Authority, reviewed the Resolution before the Board.

A discussion concerning the true interest cost parameter that is in the Resolution and Notice of Sale ensued. Mr. Villanueva expressed his view that the maximum TIC parameter of 6% was too high and consideration should be given to lowering that parameter. Mr. Nusbaum indicated that the 6% was recommended by the Virginia College Building Authority's financial advisor and staff and although it can be lowered, we feel confident in the financial advisor's guidance. Mr. Carter asked about the implications to the institutions if the Virginia College Building Authority could not issue the bonds. Ms. Aylor indicated that the schools may need interim financing, which would be at a much higher taxable rate. Dr. Agarwal told the board that today the interest rate could be at 6% but there is a possibility for rates to increase beyond 6% and institutions should be prepared for and aware of that possibility. Mr. Villanueva indicated that he can be comfortable with the 6%. Ms. Abbott expressed her confidence in the financial advisor and staff, having worked with the team for several years.

Ms. Abbott moved the approval of the Resolution (Attachment A) of the Virginia College Building Authority authorizing the issuance and sale of its Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2007A; Mr. Carter seconded, and the motion was unanimously adopted by all members present.

Approval of Motion Authorizing the Release of Request for Proposals for Financial Advisory Services

Ms. Aylor presented background information and indicated that the current contract for the Virginia College Building Authority's financial advisors will end June 30, 2008. A discussion ensued.

Mr. Powell moved the approval of the motion (Attachment B) of the Virginia College Building Authority authorizing distribution of Request for Proposals for financial advisory services; Mr. Brown seconded, and the motion was unanimously adopted by all members present.

Other Business

Ms. Aylor reviewed the analysis report of the on-going monitoring and reporting of the Virginia College Building Authority Variable Rate Educational Facilities Revenue Bonds, Series 2006B and Series 2006C, as provided by Public Resources Advisory Group (Exhibit B). A discussion ensued.

Ms. Black reviewed the Final Financing Summary for the Virginia College Building Authority Educational Facilities Refunding Revenue Bonds (Roanoke College), Series 2007.

Ms. Black reviewed the Final Financing Summary for the Virginia College Building Authority Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2007B.

Ms. Aylor reviewed the Summary of the Refunding Savings over the span of the Virginia College Building Authority Programs that were either passed along to the General Account of the Commonwealth or to the Public Institutions of the Commonwealth.

The board discussed scheduling of the next board meeting expected to be held in late October or early November. Staff will contact the board members later with a more defined time frame.

Adjournment

Having no other business to be brought before the Board, the meeting was adjourned at 12:11 p.m.

Respectfully submitted,
Janet A. Aylor
Assistant Secretary

/s/ Janet A. Aylor

Exhibits may be obtained by contact the Department of the Treasury at (804) 225-2142.

**VIRGINIA COLLEGE BUILDING AUTHORITY RESOLUTION
AUTHORIZING THE ISSUANCE OF ITS EDUCATIONAL FACILITIES
REVENUE BONDS (PUBLIC HIGHER EDUCATION FINANCING
PROGRAM)**

WHEREAS, the Virginia College Building Authority (the “Authority”) is a body corporate and politic, constituting a public corporation and governmental instrumentality of the Commonwealth of Virginia created by the Virginia College Building Authority Act of 1966, Chapter 3.2, Title 23, Code of Virginia of 1950, as amended (the “Act”);

WHEREAS, the Authority is empowered, among other things, to finance the construction of projects of capital improvement (the “Projects”) at public higher educational institutions in the Commonwealth of Virginia (the “Institutions”) by issuing its revenue bonds and using the proceeds of such revenue bonds to purchase debt obligations issued by such Institutions, pursuant to Chapter 3 of Title 23 of the Code of Virginia of 1950, as amended, to finance or refinance such Projects;

WHEREAS, the issuance of such revenue bonds for such purpose is referred to as the “Public Higher Education Financing Program” (the “Program”), and multiple series of bonds have been issued under the Program (the “Prior Bonds”);

WHEREAS, in furtherance of the purposes of the Act and the Program, the Authority has determined to issue and sell a series of obligations issued for the Program under the Master Indenture of Trust dated as of September 1, 1997 (as previously supplemented, the “Master Indenture”), between the Authority and The Bank of New York, as trustee (the “Trustee”), as further supplemented by a Supplemental Indenture of Trust dated as of October 1, 2007 (the “Supplemental Indenture”), between the Authority and the Trustee, which obligations shall be the Educational Facilities Revenue Bonds (Public Higher Education Financing Program), with appropriate series designation depending on their issuance date (the “2007 Bonds”);

WHEREAS, the proceeds of the 2007 Bonds will be used to purchase debt obligations issued by certain participating Institutions (the “2007 Institutions”) pursuant to the 2007 Loan Agreements described below to finance or refinance the construction of certain Projects (the “2007 Projects”) described in Exhibit A hereto provided that one or more of such Institutions may determine before the 2007 Bonds are issued to finance one or more of such Projects in another way or at another time and, accordingly, the final list of 2007 Institutions and 2007 Projects may include fewer Institutions and Projects than are listed in Exhibit A hereto, as shall be determined by the State Treasurer as provided herein;

WHEREAS, the 2007 Bonds will be offered for sale pursuant to a Preliminary Official Statement, to be dated the date of its release (the “Preliminary Official Statement”) and will be awarded by the Authority through a competitive electronic bidding process using a Notice of Sale, to be dated the date of the Preliminary Official Statement (the “Notice of Sale”), which states the structure and terms of the sale of the proposed 2007 Bonds; and

WHEREAS, certain Institutions, whose Projects were financed or refinanced

with proceeds of Prior Bonds (the “Transferring Institutions”), desire, in accordance with certain provisions of the Master Indenture, to use a portion of the proceeds of the Prior Bonds attributable to Projects which have been completed at a cost under the anticipated amount (the “Excess Proceeds” of the “Prior Projects”) on 2007 Projects (the “Project Transfer”); and

WHEREAS, the Master Indenture provides that a Transferring Institution submit a completion certificate for each Prior Project, and upon such submission, the Authority may maintain the Excess Proceeds in the Construction Account created under the Indenture for the Prior Projects to the extent needed to pay the Costs of any Projects; ***provided*** that (a) there is reserved in such Construction Account an amount for remaining Costs of the Prior Projects and any Rebate Amount owing by the Transferring Institution in connection with the Prior Bonds and (b) the Transferring Institution has caused to be delivered to the Trustee an Opinion of Counsel to the Authority to the effect that the Project Transfer is authorized or permitted; and (ii) the applicable supplemental indenture permits the exhibit thereto listing certain amounts and deposits relating to the Prior Projects to be amended or supplemented by the Authority and the Trustee from time to time without the consent of the Holders; and

WHEREAS, prior to the Project Transfer, each Transferring Institution shall have represented to the Authority that (i) an adequate amount has been reserved to pay for remaining Costs of the Prior Projects and (ii) an adequate amount has been reserved for any Rebate Amount each Transferring Institution owes with respect to the Bonds, and each Transferring Institution shall cause to be delivered to the Trustee an Opinion of Counsel to the Authority to the effect that the Project Transfer is authorized or permitted; and

WHEREAS, the foregoing arrangements will be reflected in the following documents, drafts of which have been presented to this meeting and filed with the Authority’s records:

- (a) the Supplemental Indenture, together with the form of the 2007 Bonds attached as Exhibit A thereto;
- (b) a form of the Loan Agreement dated as of October 1, 2007 to be entered into between the Authority and each 2007 Institution (the “2007 Loan Agreements”), providing for certain matters regarding the issuance and purchase of the 2007 Notes (as described below) and the development and operation of the 2007 Projects;
- (c) a form of the Note to be issued by each 2007 Institution to the Authority, in the form attached to the form of the 2007 Loan Agreement as Exhibit B (the “2007 Notes”), and the form of the Assignments appended thereto (the “2007 Assignments”) pursuant to which the Authority assigns the 2007 Notes to the Trustee, without recourse, as security for the 2007 Bonds and other obligations that have been and may be issued under the Master Indenture;
- (d) the Preliminary Official Statement with respect to the 2007 Bonds;
- (e) the Notice of Sale with respect to the 2007 Bonds;

- (f) a form Amendment to Supplemental Indenture, to be entered into by the Authority and the Trustee, and to be agreed to by the Transferring Institutions, authorizing the transfer of excess funds from Prior Projects, which have been completed for costs under the anticipated amount, to 2007 Projects; and
- (g) a Continuing Disclosure Agreement of the Authority (the “Continuing Disclosure Agreement”).

NOW, THEREFORE, BE IT RESOLVED BY THE VIRGINIA COLLEGE BUILDING AUTHORITY:

1. Preliminary Official Statement; Notice of Sale. The Preliminary Official Statement, in substantially the form presented at this meeting with such completions, omissions, additions and changes as shall be approved by the State Treasurer (the Treasurer of the Authority) or his staff in connection with the offering and sale of the 2007 Bonds, is approved and the distribution thereof is authorized. The Authority authorizes the State Treasurer to deem the Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”), and distribution of the Preliminary Official Statement shall constitute conclusive evidence that it has been deemed final as of its date, except for the omission of such pricing and other information permitted to be omitted by the Rule. The Notice of Sale in substantially the form presented at this meeting, with such completions, omissions, additions and changes as shall be approved by the State Treasurer or his staff in connection with the offering and sale of the 2007 Bonds, is approved and the distribution and advertisement thereof is authorized.

2. Competitive Bidding; Credit Ratings. The Authority authorizes and directs its staff, its financial advisor, Public Financial Management, Inc., and its bond counsel, Troutman Sanders LLP: (a) to prepare all documentation and take all action necessary or desirable to bring the 2007 Bonds to market through a competitive bidding process, which may include electronic bidding, as soon as practicable, (b) to advertise the 2007 Bonds for sale and (c) to take such actions as shall be necessary or appropriate to obtain a rating or ratings for the 2007 Bonds from Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., Fitch Ratings, Inc., and/or Moody’s Investors Service, Inc.

3. Issuance and Sale of Series 2007 Bonds. Pursuant to the Act, the Authority authorizes the issuance of its 2007 Bonds in accordance with the Supplemental Indenture and the sale thereof in accordance with the Notice of Sale, including the receipt of bids electronically; *provided, however*, that (a) the aggregate principal amount of the 2007 Bonds shall not exceed \$270,000,000; (b) the true interest cost of the 2007 Bonds, determined in accordance with the terms of the Notice of Sale, shall not exceed 6.00%, taking into account original issue discount or premium, if any; (c) the final maturity of the 2007 Bonds does not exceed September 1, 2039; and (d) the 2007 Bonds shall have regularly scheduled payments of principal and interest that do not exceed the sum of the Basic Payments due under, and as described in, the 2007 Notes.

4. Bond Documents. The Authority ratifies and confirms the Master Indenture. The form of the Supplemental Indenture, including the form of the 2007 Bonds and the form of the 2007 Loan Agreements, including the form of the 2007 Assignments, and the form of the Amendment to Supplemental Indenture, are approved by the Authority with such

changes, insertions, additions and deletions as the State Treasurer shall approve. The approval of any such changes, insertions, additions and deletions shall be evidenced conclusively by the execution and delivery of the 2007 Bonds by the officers of the Authority. The Authority hereby authorizes and directs its officers to execute and deliver the Supplemental Indenture, the 2007 Bonds, the 2007 Loan Agreements and the 2007 Assignments, and the Amendment to Supplemental Indenture.

5. Delegation to State Treasurer; Award of Series 2007 Bonds. The Authority hereby delegates to the State Treasurer the power with respect to the 2007 Bonds, subject to the limitations set forth in paragraph 3: (a) to determine the final list of the 2007 Institutions, the 2007 Projects, and the Transferring Institutions; (b) to determine the details of the 2007 Bonds and the 2007 Notes, including, without limitation, the maturity schedule, the interest rates and the redemption provisions; (c) to deem the Preliminary Official Statement final as of its date as contemplated in paragraph 1 and to complete the Preliminary Official Statement in final form as contemplated in paragraph 6; (d) to postpone or cancel the sale of the 2007 Bonds in his sole discretion; (e) to award the 2007 Bonds to the responsive bidder whose bid offers to purchase the 2007 Bonds at the lowest true interest cost to the Authority as determined by Public Financial Management, Inc., the Authority's financial advisor (the "Winning Bidder" and the "Winning Bid"), all in accordance with the terms of the Notice of Sale; and (f) to take all such further action as may be necessary or desirable for the issuance and sale of the 2007 Bonds and to effect the Project Transfers.

6. Official Statement. The Authority authorizes and directs the State Treasurer and his staff to complete the Preliminary Official Statement as an official statement in final form (the "Official Statement"). The Chairman or Vice-Chairman of the Authority, either of whom may act, is authorized and directed to execute the Official Statement, which execution shall constitute conclusive evidence of his approval of the Official Statement and that the Authority has deemed it final within the meaning of the Rule. The Authority authorizes and directs its staff to arrange for the delivery to the Winning Bidder of a reasonable number of copies of the Official Statement, within seven business days after the sale date of the 2007 Bonds, for distribution by the Winning Bidder to each potential investor requesting a copy thereof and to each person to whom the Winning Bidder initially sells 2007 Bonds. The Authority authorizes and approves the distribution of the Official Statement by the Winning Bidder.

7. Continuing Disclosure. The Authority covenants to undertake ongoing disclosure and to provide "annual financial information" and "material event notices" in accordance with the Continuing Disclosure Agreement, for the benefit of holders of the 2007 Bonds to assist the Winning Bidder in complying with the Rule. The Authority authorizes and directs its Chairman, Vice Chairman, Treasurer or any of its officers to execute the Continuing Disclosure Agreement in substantially the form presented at this meeting, which is approved with such completions, omissions, insertions and changes as the Chairman, Vice Chairman, Treasurer or any of the Authority's officers may approve. The execution by the Chairman, Vice Chairman, Treasurer or any of the Authority's officers of the Continuing Disclosure Agreement shall constitute conclusive evidence of approval of any such completions, omissions, insertions and changes.

8. Other Documents. The Authority authorizes and directs its officers and staff to execute and deliver all certificates, instruments and documents and to take all such further action as they may consider necessary or desirable in connection with the issuance and

sale of the 2007 Bonds and the Project Transfer. Such certificates may include a certificate (a) setting forth the expected use and investment of proceeds of the 2007 Bonds to show that such expected use and investment will not violate the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations thereunder, (b) making any elections that such officers deem desirable regarding any provisions requiring rebate to the United States of arbitrage profits earned on investments of proceeds of the 2007 Bonds, and (c) providing for payment of any such rebate amount.

9. Other Actions. The Authority approves and confirms all other actions of its officers and staff which are in conformity with the purpose or intent of this Resolution and in furtherance of (a) the issuance and sale of the 2007 Bonds, the use of the proceeds thereof, and the effecting of the Project Transfer and (b) the implementation of the Program.

10. Administrative Fee. The General Assembly of Virginia has authorized the Authority to charge, and the Authority hereby provides that it will charge, each 2007 Institution an administrative fee of 10 basis points of the amount financed for each 2007 Project. Such fee shall be due upon the issuance of the 2007 Bonds.

11. Effective Date. This Resolution shall take effect immediately upon its adoption.

Adopted: September 11, 2007

The undersigned Assistant Secretary of the Virginia College Building Authority certifies that the foregoing is a true and correct copy of a Resolution adopted by the Board of Commissioners of the Authority, upon the vote as noted below, at a duly called meeting of the Board of Commissioners held on September 11, 2007.

<u>Commissioner</u>	<u>Present/Absent</u>	<u>Vote</u>
J. Braxton Powell	Present	Aye
David A. Von Moll	Present	Aye
Richard D. Brown	Present	Aye
Daniel J. LaVista	Absent	
William L. Nusbaum	Present	Aye
John F. "Jack" Carter II	Present	Aye
Heidi W. Abbott	Present	Aye
Vinod B. Agarwal	Present	Aye
Joseph S. Testa	Present	Aye
Elaine R. Wilde	Absent	
Edward Villanueva	Present	Aye

/s/ Janet A. Aylor
Assistant Secretary,
Virginia College Building Authority

Date: September 11, 2007

EXHIBIT A

2007 INSTITUTION	2007 CODE	2007 PROJECT
Christopher Newport University	17360	Expand Freeman Center Gymnasium
College of William and Mary	16296	Construct: Integrated Science Center
	16648	Construct School of Business Building
	16785	Renovate and Expand Law Library
	17278	Renovate Power Plant and Make Utility Improvements
George Mason University	16745	Prince William Performing Arts Center
	17049	Construct Parking Deck III
	17054	Physical Education Addition/Renovation
	17142	Fairfax Surge Space Fit Out Data Center
	17365	Construct Academic VI and Research II Facility
	17366	Renovate Student Union II Building
	17368	Physical Education Addition - Phase II
	17369	Construct and Improve Softball Field Complex
	17374	Construct Hotel Conference Center
	17485	Renovate and Construct Addition to Student Union I
	17508	Student Union II
James Madison University	17481	Acquire Memorial Hall
Longwood University	17017	Heating Plant - Phase II
	17018	Lacrosse/Field Hockey Complex
	17319	Renovate Baseball/Softball Fields
	17323	Heating Plant - Phase III
Old Dominion University	17031	Indoor Tennis Center
	17033	Athletics Facilities Expansion Project
	17103	H&PE Renovation and Addition
	17347	Construct Parking Facility on 49th Street
	17483	Powhatan Sports Center
University of Mary Washington	17506	Improvements: Goolrick Field
	17507	Construct Residence Halls
Virginia Commonwealth University	17405	Construct Monroe Park and MCV Campus Recreation Facilities
Virginia Polytechnic Institute and State University	17120	Upgrade Campus Heat Plant

**MOTION TO APPROVE THE RELEASE OF A REQUEST FOR PROPOSALS FOR
FINANCIAL ADVISOR TO THE VIRGINIA COLLEGE BUILDING AUTHORITY**

I move that the Virginia College Building Authority hereby approve and direct staff and a sub committee appointed by the Chairman, pursuant to Section 23-30.31(9) of the *Code of Virginia*, to develop and issue a Request for Proposals for a Financial Advisor to the Virginia College Building Authority, to review proposals received, and to select those firms deemed most qualified and responsive to make oral presentations to such sub committee which will make recommendations to the Board for final selection.